# MINISTRY OF JUSTICE
# OFFICE OF RESIDENTIAL TENANCIES - DIRECTOR'S TRUST ACCOUNT

## FINANCIAL STATEMENTS

## For the Year Ended March 31, 2017

PROVINCIAL AUDITOR
*of Saskatchewan*

## INDEPENDENT AUDITOR'S REPORT

To: The Members of the Legislative Assembly of Saskatchewan

I have audited the accompanying financial statements of Office of Residential Tenancies - Director's Trust Account, which comprise the statement of financial position as at March 31, 2017, and the statement of change in net financial assets for the year then ended, and a summary of significant accounting policies and other explanatory information.

*Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards for Treasury Board's approval, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

*Opinion*

In my opinion, the financial statements present fairly, in all material respects, the financial position of Office of Residential Tenancies - Director's Trust Account as at March 31, 2017, and change in net financial assets for the year then ended in accordance with Canadian public sector accounting standards.

Judy Ferguson

Regina, Saskatchewan
July 13, 2017

Judy Ferguson, FCPA, FCA
Provincial Auditor

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Statement 1

## OFFICE OF RESIDENTIAL TENANCIES - DIRECTOR'S TRUST ACCOUNT
## STATEMENT OF FINANCIAL POSITION
## AS AT MARCH 31

| | 2017 | 2016 |
|---|---|---|
| **FINANCIAL ASSETS** | | |
| Due from General Revenue Fund (Note 3) | $ 178,133 | $ 208,236 |
| **LIABILITIES AND NET FINANCIAL ASSETS** | | |
| Current Liabilities | | |
| Accounts payable (Note 3) | $ 27,900 | $ 29,750 |
| Net Financial Assets (Note 2b) | | |
| Trust account balance (Statement 2) | 150,233 | 178,486 |
| Total Liabilities and Net Financial Assets | $ 178,133 | $ 208,236 |

(See accompanying notes to the financial statements)

Statement 2

## OFFICE OF RESIDENTIAL TENANCIES - DIRECTOR'S TRUST ACCOUNT
## STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
## FOR THE YEAR ENDED MARCH 31

| | 2017 | 2016 |
|---|---|---|
| **Trust funds acquired:** | | |
| Receipts from landlords or tenants | $ 823,938 | $ 805,235 |
| **Trust funds disbursed/payable:** | | |
| Landlords or tenants | (524,791) | (485,820) |
| Ministry of Justice | (327,400) | (321,165) |
| **(Decrease)/ Increase in financial assets** | (28,253) | (1,750) |
| Net financial assets, beginning of year | 178,486 | 180,236 |
| **Net financial assets, end of year (Statement 1)** | $ 150,233 | $ 178,486 |

(See accompanying notes to the financial statements)

**OFFICE OF RESIDENTIAL TENANCIES - DIRECTOR'S TRUST ACCOUNT**
**NOTES TO FINANCIAL STATEMENTS**
**AS AT MARCH 31, 2017**

## 1. Legislative Authority

Pursuant to provisions of *The Residential Tenancies Act, 2006* (Act), the Office of Residential Tenancies - Director's Trust Account (Director's Trust Account) was established for the purpose of receiving and disbursing monies under the Act. The Director's Trust Account is responsible for the administration and management of all matters governed by this Act.

The financial statements reflect the financial assets and liabilities related to trusts under the administration of the Office of Residential Tenancies (Office).

The staff at Office of Residential Tenancies are responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards. The staff at Office of Residential Tenancies maintain a system of accounting and administrative controls to ensure that accurate and reliable financial statements are prepared and to obtain reasonable assurance that transactions are authorized, assets are safeguarded, and financial records are maintained.

## 2. Significant Accounting Policies

These financial statements are prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board and published by CPA Canada applicable for governments. A statement of remeasurement gains and losses has not been presented in these financial statements, because all financial instruments carrying value approximates their fair value. The following accounting principles are considered significant:

a) Receipt and Payment of Trusts

Monies are held in trust on behalf of landlords and tenants where there is a dispute as to the disposition of the security deposit. Monies are paid out to either the landlord or tenant once the appropriate disposition of the funds has been ordered by a hearing officer.

b) Net Financial Assets

Net financial assets are the total of the trust monies held on behalf of landlords and tenants.

c) Cash Flow Statement

A cash flow statement has not been provided since cash flow information is readily apparent from the other financial statements.

d) Statement of Remeasurement Gains and Losses

A statement of remeasurement gains and losses has not been provided since there were no remeasurement gains or losses incurred during the year.

e) New Accounting Standards Not Yet in Effect

A number of new Canadian public sector accounting standards and amendments to standards are not yet effective for the Director's Trust Account and have not been applied in preparing these financial statements. The following standards will become effective as follows:

(i) PS 2200 Related Party Disclosures (effective April 1, 2017), a new standard defining related parties and establishing guidance on disclosure requirements for related party transactions.
(ii) PS 3210 Assets (effective April 1, 2017), a new standard providing guidance for applying the definition of assets and establishing disclosure requirements for assets.
(iii) PS 3320 Contingent Assets (effective April 1, 2017), a new standard defining and establishing guidance on disclosure requirements for contingent assets.
(iv) PS 3380 Contractual Rights (effective April 1, 2017), a new standard defining and establishing guidance on disclosure requirements for contractual rights.
(v) PS 3420 Inter-Entity Transactions (effective April 1, 2017), a new standard establishing guidance on accounting for and reporting on transactions between organizations in the government reporting entity.

The Director's Trust Account plans to adopt these new and amended standards on the effective date and is currently analyzing the impact this will have on these financial statements.

## 3. Related Party Transactions

In accordance with established government practice, the Director's Trust Account has not been charged with any administrative costs and no provision for such cost is reflected in these statements. These costs are borne by the Ministry of Justice (Ministry) from monies appropriated by the Legislature for such purposes.

Under Section 13(1) of *The Residential Tenancies Regulations, 2007* , complaint applications, except for those relating to security deposits, are subject to a fee of $50. The Director's Trust Account pays the fee collected to the Ministry. The fee disbursed amounted to $329,250 (2016 - $322,008). At year end, the Director's Trust Account owed the Ministry $27,900 (2016 - $29,750).

The Director's Trust Account bank account, shown as Due from General Revenue Fund (GRF) is included in the Consolidated Offset Bank Concentration arrangement for the Government of Saskatchewan. No interest is paid into this account by the GRF.

## 4. Financial Instruments

The Director's Trust Account financial instruments consist of amounts Due from GRF and accounts payable. There are no significant terms and conditions related to the financial instruments that may affect the amount, timing and certainty of future cash flows. The carrying value of these instruments approximates fair value due to their immediate or short term nature.

## 5. Budget

Budget amounts are not disclosed as the nature of the Director's Trust Account operations do not provide for relevant budget amounts to be reasonably determined.